

Congress of the United States

Washington, DC 20515

HELP US URGE GAO TO EXPEDITE ITS INVESTIGATION INTO FERC DECISIONS “The Fox is Guarding the Henhouse”

May 29, 2002

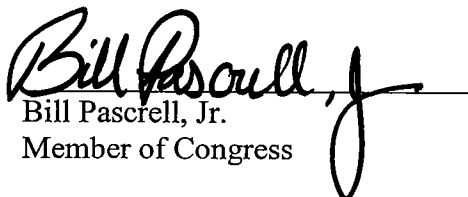
Dear Colleague:


In testimony before the Senate Commerce, Science and Transportation Committee on May 15, FERC Chairman Wood indicated that Enron had 367 meetings with FERC staff between May, 2000 and June, 2001. Interestingly, Chairman Wood neglected to provide information about his own contacts with Enron, despite several requests made to him, including that of Rep. Henry Waxman on February 28. Notwithstanding these contacts, Chairman Wood testified that he “did not believe that Enron’s scope of contacts with our employees or managers have been inappropriate ... nor that Enron or any of its affiliates has had any undue influence on the decision-making process at the Commission.” We are not persuaded. FERC is supposed to be the energy industry’s watchdog, yet two current Commission members, Chairman Pat Wood and Nora Mead Brownell, were literally hand picked by Enron.

FERC ignored violations of the “just and reasonable” standard of the Federal Power Act (FPA) by Enron and others. FERC continues to ignore these violations in spite of congressional outcry and most recently, the “smoking gun” memos. At the least FERC has been negligent in its obligation to protect the American people and enforce the FPA. We are concerned that there may be something less innocuous than simple incompetence or negligence going on here. For that reason, Congressman Pascrell wrote to the GAO in February, requesting that GAO examine the decisions made by FERC with regard to deregulation of the nation’s energy markets and the effect these actions have had on consumers throughout the United States. To date, the GAO has done nothing. We are therefore requesting you join us in urging GAO to expedite this request.

When California’s PUC President, Loretta Lynch testified before the Senate Commerce, Science and Transportation Committee on May 15, she made the following statement: “FERC has done its best to put off in depth investigations, refused to work with the state on investigating these problems jointly and by manipulating their own administrative processes, has refused to allow California to present its case to a neutral judge in federal court.” In short, the fox continues to guard the henhouse. Isn’t it time for the fox to be investigated?

Very truly yours,


Bill Pascrell, Jr.
Member of Congress


Bob Filner
Member of Congress

May XX, 2002

Mr. David M. Walker
Comptroller General of the United States
United States General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

On February 8, 2002, Congressman Pascrell wrote you requesting that the General Accounting Office examine the decisions made by Federal Energy and Regulatory Commission (FERC) with regard to deregulation of the nation's energy markets and the effect these actions have had on consumers throughout the United States. While other members of both the House and Senate have made formal requests with regard to FERC's deregulation oversight, we believe it essential that the direct effect on consumers be thoroughly examined. We are therefore requesting you expedite the initiation of an examination.

The ongoing hearings being conducted by several Congressional Committees, as well as the investigation being conducted by the GAO, are shedding light on the enormous influence exerted by Enron Corporation in selecting the current panel of FERC commissioners, including its Chairman, Pat Wood, III. Chairman Wood has acknowledged that Enron had 367 meetings with FERC staff between May, 2000 and June, 2001. Interestingly, Chairman Wood neglected to provide information about his own contacts with Enron, despite several requests made to him, including that of Rep. Henry Waxman on February 28.

This disturbing level of access to the FERC's leadership by a large energy company leads to our concern that deregulation was being pursued, and ushered through by the Commission, not as a means to lower energy prices for consumers but to raise them in the hope of generating profits for a select few. We are concerned that FERC ignored violations of the "just and reasonable" standard of the Federal Power Act (FPA) by Enron and others.

The FERC does important work that affects somewhere between four to six percent of the Gross Domestic Product (GDP). The commission has made 139 regulatory decisions concerning Enron alone since 1995, and the effect these decisions have had on energy consumers must be closely examined. Additionally, other deregulation decisions unrelated to Enron should also be considered.

We greatly appreciate all the work done by the GAO, and look forward to hearing from you soon.

Sincerely,

Bill Pascrell, Jr.

Bob Filner